

AMENDMENTS TO THE CLAIMS:

This listing of claims will replace all prior versions, and listings, of claims in the application:

LISTING OF CLAIMS:

1. (Currently Amended) A method of compressing digital data comprising the steps of:
 - (i) reading digital data as series of binary coded words representing a context and a codeword to be compressed;
 - (ii) calculating distribution output data for the input data and generating variable length prefix codewords for each combination of context and input codeword~~corresponding to the result~~ so as to form a respective transition table of local codewords for each context, in a manner which leaves-reserves logical codeword space available at the long end for new-to represent any new input codewords, which have not yet occurred with that context, as they occur for the first time-for data of lower frequency when required; and
 - (iii) recalculating the codewords from time to time, in order to continuously update the codewords and their lengths.
2. (Original) A method according to claim 1 in which the codewords are recalculated each time the number of codewords has doubled.
3. (Original) A method according to claim 1 in which the codewords are recalculated for every new frame of data.
4. (Cancelled)
5. (Cancelled)
6. (Currently Amended) A method according to ~~claim 5~~ claim 1 in which the method further comprises an adaptive learning process for deriving a relationship

between contextual information and codewords requiring compression, and a process for dynamically adjusting the relationship so as to optimize the compression rate and the efficiency of decompression.

7. (Cancelled)

8. (Cancelled)